Information Classification-
Confidential

WHAT IS MARKET SEGMENTATION-

1. Why Segment the Market? The "One Size Fits All" Fallacy

The video was right: a generic solution for "everyone" is a solution for "no one." In a market as competitive as India's automotive sector, you can't just build a car and hope for the best. You've got to know *exactly* who you're building it for.

Think of it this way: a car for a young, single professional in Bengaluru is very different from a car for a family of five in a small town in Punjab. Their needs, their budgets, their priorities—they're all poles apart. If we tried to make one car to satisfy both, it would be a compromise on every front. It wouldn't be sporty enough for the city, and it wouldn't be spacious enough for the family. We'd fail to capture either market.

2. Identifying Your Target Customer

This is the most crucial part. The video talked about a "group of potential customers with similar user profiles." We call these customer personas. To find them, we don't just guess. We use data and research. We look at **Demographics** (age, income, family size), **Psychographics** (lifestyle, values, personality), and **Behaviors** (how they use their car, what features they prioritize).

The video also touched on a really interesting point: the end-user isn't always the paying customer. This is less common in the car market, but it’s still relevant. A father might be the one paying for the car, but the primary user could be his daughter who needs it for her new job. In this case, we have to appeal to both the father (with safety, reliability, and low maintenance costs) and the daughter (with style, technology, and connectivity).

3. A Concrete Example: The Maruti Suzuki Brezza

Let's apply all this to one of our star players: the Maruti Suzuki Brezza. The Brezza is a perfect example of a car built for a very specific market segment.

Who is the Brezza's target customer?

- **Demographic Segmentation:** We're looking at young professionals and small families, typically in the 25-40 age bracket. Their income is in the middle-to-upper middle range, and they're likely first-time SUV buyers or people upgrading from a hatchback. They live in both urban and semi-urban areas. They might have one or two children.
- **Psychographic Segmentation:** This is where we get deeper. Our Brezza customer is someone who is ambitious and a go-getter. They are socially active and like to make a statement. They value a modern, stylish, and powerful image. They are practical but don't want to compromise on features or safety. They're looking for a "city-bred SUV" that handles the urban jungle and weekend getaways with equal ease. They want a car that reflects their upward mobility.

- **Behavioral Segmentation:** They use their car for daily commutes, weekend trips, and family outings. They care about fuel efficiency, but they also want features like a sunroof, a good infotainment system, and a commanding driving position. They are often tech-savvy and appreciate features like "Suzuki Connect."

So, how does the Brezza fit this segment perfectly?

- **The Product:** It’s a sub-4-meter compact SUV. The sub-4m length is a key detail, as it helps us price the car competitively due to tax benefits. It has a bold, muscular design that appeals to the "SUV" aspiration. We loaded it with features that our target segment desires: an electric sunroof, a head-up display, a 360-degree camera, and a modern infotainment system. We also offer a CNG variant, tapping into the "eco-friendly" and "economical" sub-segment.
- **The Marketing:** Our campaigns for the Brezza don't just talk about mileage (though we do mention it!). We focus on the lifestyle. The ads show young people exploring the city, going on adventures, and living life to the fullest. We use influencers and digital marketing to reach this specific, tech-savvy audience. Our tagline and messaging focus on being "Game-Changers" and living "A Bigger Life," directly speaking to the aspirations of our target customer.

4. Avoiding Pitfalls (and how we do it)

The video highlighted some common pitfalls. As an exec, these are things we're constantly thinking about.

- **Generic Solution:** We avoid this by having a diverse portfolio. We have the Alto for the price-conscious first-time buyer, the Baleno for the premium hatchback segment, and the Brezza for the compact SUV segment. Each car has a distinct purpose and target customer.
- **Incremental Improvements:** We are always competing, but we don't just make small changes to an existing product and hope for the best. With the new Brezza, we did a full-model change, adding significant features and a new look to disrupt the market again, not just to gain a tiny, incremental share. We created a compelling reason for customers to switch from competitors.

In conclusion, market segmentation is not just a marketing exercise. It's the foundation of our entire business strategy. It dictates what we build, who we sell it to, and how we talk about it. By understanding our target customer for the Brezza—their aspirations, their needs, and their lifestyle—we were able to create a product that resonates with them deeply, making it a huge success in a crowded market. That's the power of segmentation.

Here's a step-by-step map of the key documents and processes I would use, from initial analysis to final strategy, with the Brezza example as a guiding thread.

Phase 1: The Research & Discovery Map

Before we can segment, we need to gather intelligence. This isn't a single document, but a collection of data-driven insights.

Step 1: The Initial Market Analysis Report

- **What it is:** A high-level document that defines our total addressable market. It looks at the competitive landscape, industry trends, and the overall size and growth of the "compact SUV" segment in India. We'd use data from sources like the Society of Indian Automobile Manufacturers (SIAM) reports, industry analyst reports, and our internal sales data.
- **How I create it:** I'd task my market research and strategy teams to compile this. We'd look at competitor sales figures (like Tata Nexon, Hyundai Venue), their product features, and their pricing strategies. We'd also analyze macroeconomic trends—like rising disposable incomes in Tier 2 and Tier 3 cities—that indicate a growing appetite for this car type.

Step 2: The Customer Data Audit

- **What it is:** A deep dive into our existing customer base. We'd analyze data from our CRM, dealership feedback, service records, and warranty claims. We're looking for patterns, not just individual data points.
- **How I create it:** My data analytics team would pull a report on our existing customers who own Swift or Baleno. We'd look at their age, income, family size, and location. We'd also analyze feedback from customer surveys, where we ask them about their lifestyle, what they value in a car, and what their next car purchase might be. This helps us see who might be "upgrading" to an SUV.

Step 3: The Segmentation Hypothesis Document

- **What it is:** Based on the first two steps, we'd create a hypothesis about the potential market segments. This is a brainstorming document where we propose different ways to slice the market.
- **How I create it:** This is a collaborative effort with marketing, product planning, and sales. We'd have a working session and ask questions like:
    - *"Who wants a rugged look, even if they never go off-road?"* (Psychographic)
    - *"Who is moving from a hatchback and needs more space for a growing family?"* (Demographic/Behavioral)
    - *"Who wants the latest tech, a sunroof, and connectivity features?"* (Psychographic/Behavioral)

We would use a visual matrix to map these hypotheses, showing how different demographic, psychographic, and behavioral traits intersect.

Phase 2: The Segmentation & Persona Map

This is where we formalize our findings and create the documents that guide our teams.

Step 4: The Segment Profile Document

- **What it is:** A detailed profile for each viable market segment identified in the previous step. We'd give each segment a descriptive name to make it easy to remember.
- **How I create it:** For the Brezza, we would define at least two main segments:
    1. **"The Urban Explorer":** A young professional (28-35), income ₹15-25 lakhs, lives in a metro city. Values style, tech features, and a commanding presence. Is socially active and sees their car as a status symbol.
    2. **"The Young Family Planner":** A small family (30-40), income ₹12-20 lakhs, lives in a Tier 2 city. Values safety, space, and practicality. The car is for daily commutes, school runs, and occasional road trips. Fuel efficiency is a key consideration.

Each profile would include key demographics, psychographics, a list of their "pain points" (e.g., "my current car feels small for my family"), and their "gains" (e.g., "the Brezza's space and safety would be a huge relief").

Step 5: The Buyer Persona Map

- **What it is:** This is the creative, storytelling document. It takes the segment profiles and brings them to life with a fictional persona. It's an empathy tool that helps everyone from engineers to marketers understand who they are building and selling for.
- **How I create it:** For the "Urban Explorer" segment, we'd create a persona named **"Arjun, the Tech-Savvy Achiever."**
    - **Background:** 32, works in IT, earns ₹20 lakhs annually. Drives a 7-year-old Swift.
    - **Goals:** Wants a car that looks modern, is fun to drive, and has all the latest technology. He's proud of his success and wants his car to reflect that.
    - **Pain Points:** His Swift feels outdated and doesn't have the features his friends' cars have. He feels a bit cramped on weekend drives.
    - **Buying Behavior:** Spends hours online researching cars, watching YouTube reviews, and comparing features. The "Connected Car" features are a major selling point for him.
    - **Key Quote:** *"I've worked hard for this. I want a car that feels like a step up in every way."*

Phase 3: The Execution & Strategy Map

These documents translate our understanding into action.

Step 6: The Segment-Specific Marketing Plan

- **What it is:** A document that outlines the specific marketing mix (the 4 P's: Product, Price, Place, Promotion) for each target segment.
- **How I create it:** Based on "Arjun," the marketing team would create a plan:
    - **Product:** Highlight the Brezza's electric sunroof, 9-inch SmartPlay Pro+ infotainment, and Head-Up Display in all communication.
    - **Price:** Position the car as a premium, value-for-money upgrade from a hatchback, justifying the price with the feature list.
    - **Place:** Focus on digital marketing and online configurators, as Arjun is a digital native. Ensure the cars are prominently displayed at urban dealerships.
    - **Promotion:** Run ad campaigns on social media platforms like Instagram and YouTube. Use high-energy visuals and video reviews that showcase the car's tech and style. The messaging should focus on ambition and modernity.

Step 7: The Performance Tracking Dashboard

- **What it is:** This is a live, ongoing document. It’s a dashboard (like a BI tool) that tracks key metrics for each segment.
- **How I create it:** I'd work with my analytics team to set up a dashboard that tracks:
    - **Sales by Segment:** Are we selling more Brezzas to "Urban Explorers" or "Young Family Planners"?
    - **Marketing ROI by Channel:** Are our Instagram ads performing better with the "Urban Explorer" segment than our email campaigns?
    - **Customer Feedback:** Are the features we highlighted in our campaigns actually resonating with the target customers?

HOW TO DO THE MARKET SEGMENTATION?

In order to identify the different market segments that your product or service could serve,

- you would need to brainstorm with your team of all the different types of markets that you could cater to.

-And at this stage, you need to think very broadly, and all ideas are equally valid and valuable.
-So, collect the ideas from your team members about the potential customer segments.
-You would want to talk to potential customers.
-You would want to get some feedback from industry experts and other consultants for your company. -You would want to start with a broad set of industries that your product or service might be able to serve.
-Maybe those are not the primary market that you were thinking of.
-But at this stage, you would want to think very broadly of all the different industries and domains that your product could serve.
-And identify then what would be the benefits that each industry would receive and who would be the beneficiary. That would help you to narrow down the potential customer segments

here is a diagram to kind of illustrate that process.
Think of the different domains that could be served by a product that you're developing.
Let's say, broadly speaking, the product is something related to the financial technology.
- And within that, there may be different markets.
-There may be banks,
-there may be retail customers and so on.

-So, you would want to identify those different markets. And within that, there may be different segments of the market that you might be able to target.

So working with your team, you would want to think of the industry domain that you can serve.

Within that, there are different markets that might exist. And then break it down further into specific customer profiles or customer segments. A group of customers who are similar in their profile and in their needs.

You want to break it down to that level so that you can identify different types of market segments that you might be able to serve. So here is an example.

Let's say you are using artificial intelligence and machine learning to create a system that can help predict the medical device malfunction or recall on those products.

So think about what are the different markets that you might be able to serve. At a very high level,

you might be able to serve medical device manufacturers because they would be interested in knowing the recall probability or any kind of medical malfunction that might exist in the medical devices they are manufacturing.

So there could be one sector. Another would be the healthcare system monitors who are monitoring the market and making laws about safety of devices that are being brought into the market.

Another group could be analysts and consultants for different firms who are monitoring the performance of the medical device manufacturers that are releasing these products into the market.

And lastly, there could be physicians and hospital administrators who would be interested in understanding the safety of the medical devices that are being used by them.

So these could be the broad markets and within that you might want to further break it down into different types of customer profiles that you might be able to serve.

For example, the medical device manufacturers, you can have large medical device companies, medtech firms with a lot of R&D capabilities and their needs might be different from that of another set of medical device manufacturers which are,

let's say, small and medium sized companies that are also in the device manufacturing space. So you would want to separate those out because their needs might be very different. Similarly, within the healthcare system monitors, there are regulators.

Every country has regulators that are making laws in order to ensure the safety of the devices. For example, in the US you have FDA to monitor the safety of medical devices that are being marketed.

So you'll have regulators as one potential segment. Another customer segment could be the consumer advocates and lawyers.

When a device malfunctions, there may be lawsuits and the consumer advocates and the lawyers working for those, representing those patients, may be interested in understanding whether the device malfunction could have been predicted or what might have been the causes for the device manufacturer to release faulty products or defective products.

Such kind of an AI-based system might be useful to them in order to analyze whether there were some indicating factors for the device malfunction.

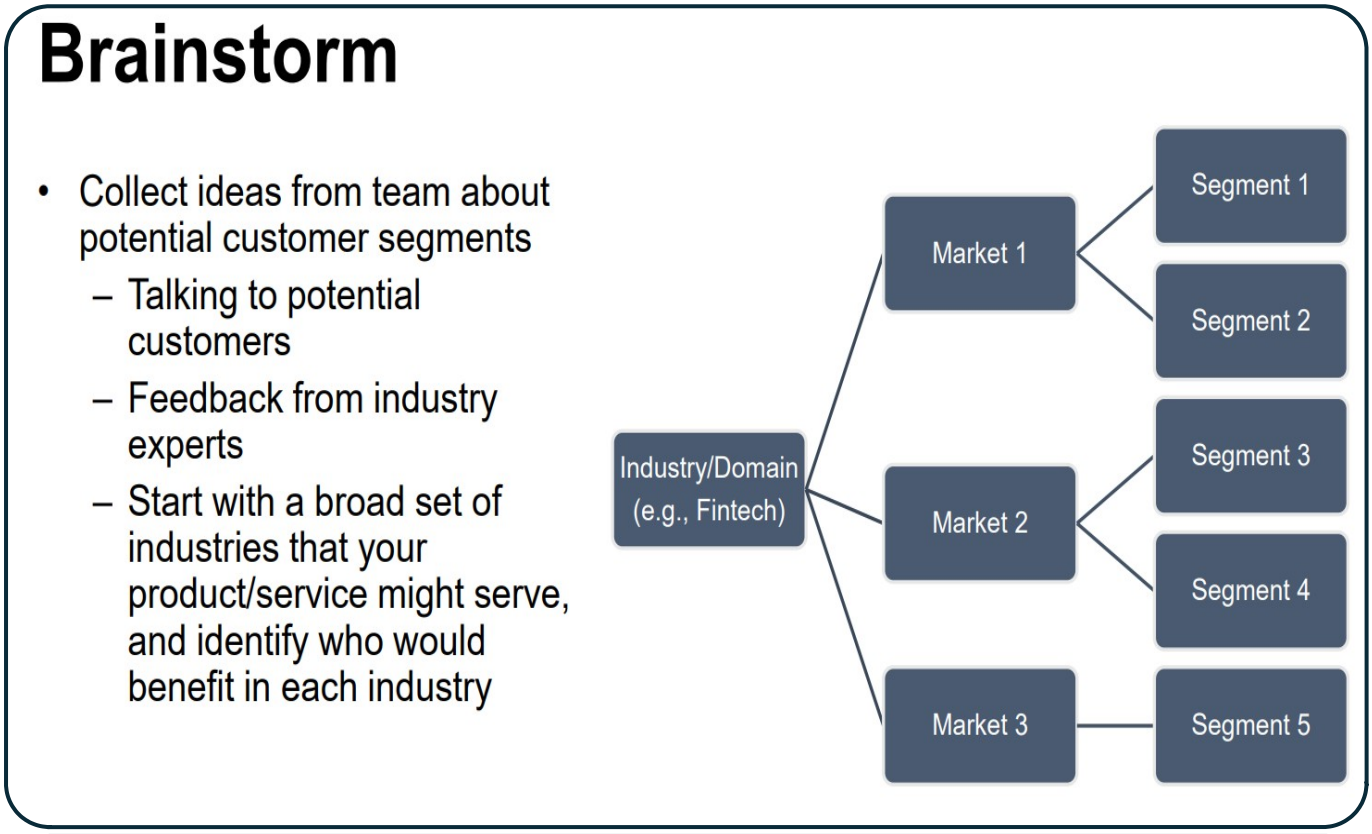
Another group that we identified could be consultants and analysts. So for example, the stock market analysts who are kind of understanding the benefit of the medical device that is being released and the potential,

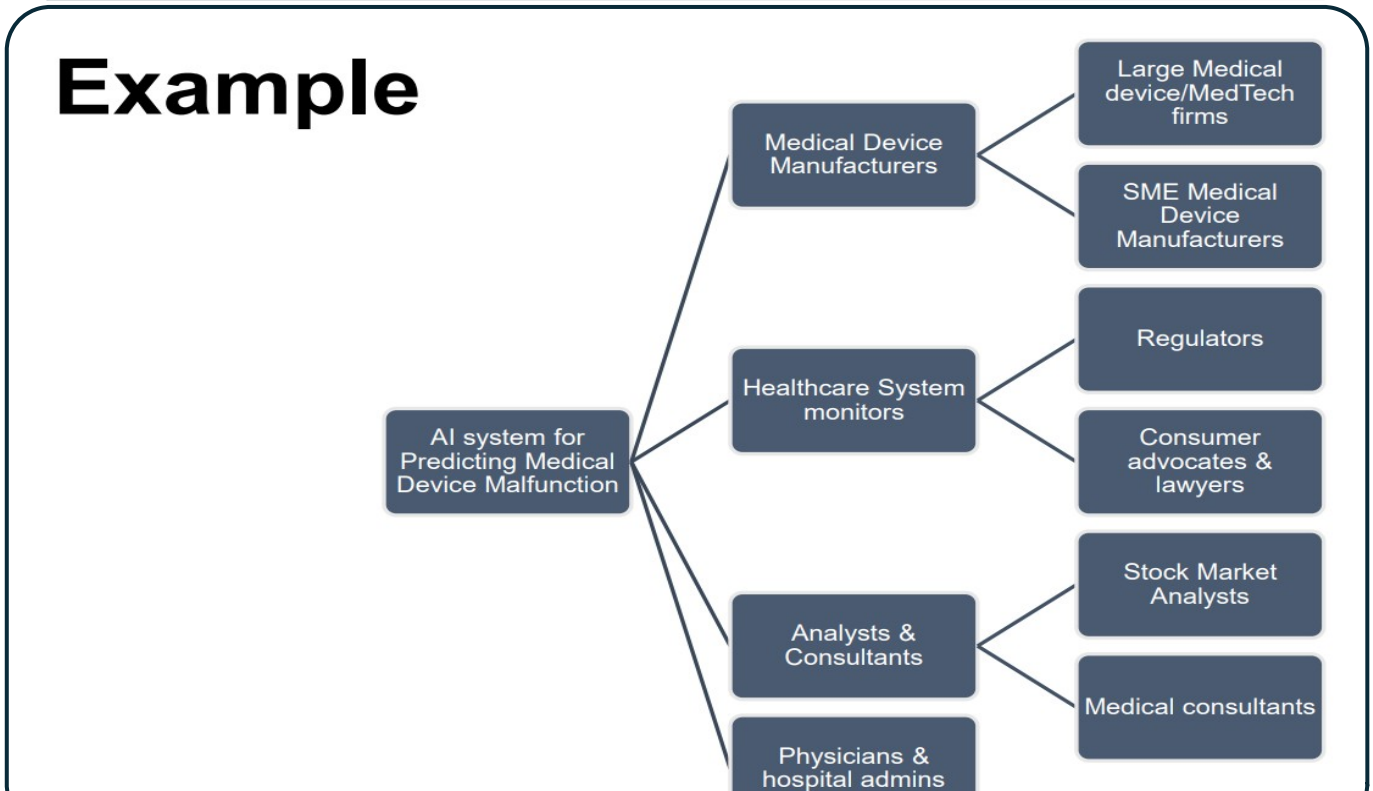
the market potential of those technologies would be interested in understanding the probability of failure of these devices because the valuation of a medical device company and its stock might depend on the success or failure of the devices that they are creating. And so the stock market analysts might be interested in having access to an AI ML system that allows them to understand the recall probabilities or malfunction probabilities for these medical devices that are being released by the device manufacturers.

Similarly medical consultants would be interested in understanding the safety and efficacy of these medical devices as they provide consultation to different firms and help them with their legal briefing, etc. And obviously hospitals and physicians would be interested in understanding the safety of these devices or the recall potential of

these devices because these are the ones that are going to be implanted in patients or patients would depend on them. And therefore, for the benefits of the patients, they would want to understand the efficacy and safety of the devices that are being used.

So again, working with your team, you might be able to identify this type of a tree that shows the different industries, the market segments, and then subdivise them into specific customer segments that you might be able to serve with the system or the solution that you are developing. So for your company, you would want to gather your team members and create a similar type of a diagram to understand what are the different customer segments that you might be able to serve.


Brainstorm
Collect ideas from team about potential customer segments
Talking to potential customers
Feedback from industry experts
Start with a broad set of industries that your product/service might serve, and identify who would benefit in each industry
Industry/Domain (e.g., Fintech)
Market 1
Market 2
Market 3
Segment 1
Segment 2
Segment 3
Segment 4
Segment 5



Let's do a deep dive into the practical, step-by-step process of market segmentation, using the Brezza example to ground every step. This is how we would approach it in a real-world scenario at Maruti Suzuki.

The 4-Step Market Segmentation Process: A Deep Dive

The video's "tree" model is a great mental tool. It's about starting broad and narrowing down. Our process is similar, but more structured and tied to business goals.

Step 1: The Brainstorming & Broad Segmentation Phase

This is where we follow the video's advice to think broadly. Before the Brezza existed, the idea wasn't "build a Brezza." It was "what is the next big opportunity for Maruti Suzuki?"

- **Objective:** To identify all possible large-scale market opportunities without judging them.
- **How we do it:**
    - **Internal Brainstorming:** We gather a cross-functional team—product planning, R&D, sales, and marketing. We don't just talk about cars; we talk about lifestyles. What are the major trends in India?
        - **Observation:** The rise of the nuclear family. More families live in apartments. They're more mobile.
        - **Observation:** The increasing number of young professionals with higher disposable income.
        - **Observation:** The aspiration for "SUV" ownership, but with the practicality of a hatchback.
    - **High-Level Market Categorization:** We start to map these ideas into broad categories, similar to the video's "industry domain."
        - **Category 1: Urban Mobility:** Cars for city dwellers. This is our traditional strength (Alto, Swift).
        - **Category 2: Family Vehicles:** Cars for larger families, maybe seven-seaters (Ertiga).
        - **Category 3: The SUV Segment:** This is where the video's tree-like thinking begins. We see this as a huge, growing market, but it's not a single entity.
    - **The "Beneficiary" Question:** For the SUV segment, we'd ask: "Who benefits from a car with an SUV stance?"
        - The person who wants a commanding road presence.

        - The person who needs more ground clearance for rough roads.
        - The person who values the feeling of safety and security that a larger car provides.
        - The person who wants more features than a basic hatchback.

Step 2: The Data Analysis & Segment Definition Phase

Now we take our broad ideas and apply data to find the most attractive segments. This is where we move from a "good idea" to a "viable business opportunity."

- **Objective:** To formalize the most promising segments and create detailed profiles.
- **How we do it:**
    - **Data Deep Dive:** We use our internal customer data, third-party reports, and conduct new primary research (surveys, focus groups, customer interviews).
    - **The Brezza Example:** We'd zero in on the "SUV Segment" and start to break it down. We'd see that within this segment, there are many sub-segments:
        - **Sub-Segment 1: "The Hardcore Off-Roader":** This group wants 4x4, massive ground clearance, and rugged performance (e.g., Mahindra Thar). This is a niche, and not our core strength. We decide this is not our target.
        - **Sub-Segment 2: "The Large Family SUV Buyer":** This group needs a large, seven-seater SUV (e.g., Fortuner, Innova). This is a different price point and category.
        - **Sub-Segment 3: "The Compact, Urban SUV Buyer":** This is the sweet spot. Data shows a growing number of people moving up from hatchbacks. They want the *look* and *feel* of an SUV without the high cost, large size, or fuel consumption of a full-size SUV. This is our "low-hanging fruit."
    - **Defining the Segment:** We would then formalize this into a clear segment profile, as we discussed earlier. We give it a name like **"The Urban Aspirer."** We define their key characteristics: **Demographics** (young professional, small family), **Psychographics** (values status, modernity, and a balanced lifestyle), and **Behaviors** (tech-savvy, active social life).

Step 3: The Target Segment Selection Phase

This is a critical business decision. Out of all the segments we've identified and profiled, we have to choose which one we will attack first.

- **Objective:** To select the most profitable and strategically aligned segment to focus on. This is where we choose our "primary market."

- **How we do it:**
    - **Viability Check:** We evaluate the segment based on a few criteria:
        - **Size:** Is the segment large enough to be profitable? The "Urban Aspirer" segment is massive and growing.
        - **Profitability:** Is this segment willing to pay a premium for the features we plan to offer? Yes, they are looking to upgrade.
        - **Accessibility:** Can we reach this segment with our marketing and distribution channels? Yes, our extensive dealer network and digital marketing capabilities are perfectly suited for this.
        - **Strategic Fit:** Does this segment align with Maruti Suzuki's brand identity? Yes, we are known for building reliable, fuel-efficient, and feature-rich cars for the masses. The Brezza fits this perfectly as the next logical step for our existing customers.
    - **Decision:** We make the firm decision to target "The Urban Aspirer." This becomes our primary focus. We will build the Brezza specifically for them. We will not try to please the hardcore off-roader or the seven-seater family.

Step 4: The Product & Marketing Strategy Phase

This is where the rubber meets the road. We use our detailed understanding of our target segment to design and market the car.

- **Objective:** To build a product and a marketing strategy that perfectly aligns with the needs and desires of our chosen target segment.
- **How we do it:**
    - **Product Development:** Every feature of the Brezza is a direct response to a need from our "Urban Aspirer" segment.
        - **Need:** "I want an SUV look but not the size." -> **Response:** We built a sub-4m compact SUV with a boxy, muscular design.
        - **Need:** "I want the latest features and tech." -> **Response:** We included a sunroof, a 360-degree camera, head-up display, and the SmartPlay Pro+ infotainment system.
        - **Need:** "I'm concerned about fuel costs." -> **Response:** We offered a highly efficient petrol engine and a popular CNG option.
    - **Marketing & Communication:** Our communication strategy is laser-focused.
        - **Message:** Our campaigns don't talk about rugged off-roading. They talk about "being a game changer," "living a bigger life," and the freedom of owning a stylish, capable vehicle.

        - **Channels:** We use digital channels like YouTube, social media, and online publications to reach this tech-savvy audience. Our partnerships with influencers and lifestyle publications reinforce the brand image.

    - **Expansion (Adjacent Segments):** The video mentioned serving a primary market and then expanding. This is key. By building the Brezza, we can now easily tweak it to serve adjacent segments. The CNG version, for example, is a direct tweak to appeal to the more "economical and family-oriented" sub-segment within our broader target.

By following this four-step process, we don't just "do" market segmentation. We use it as a strategic tool to build a car that isn't just a product—it's a solution tailored for a specific customer, leading to the kind of success we've seen with the Maruti Suzuki Brezza.